

REDACTED – FOR PUBLIC INSPECTION

VIA ECFS

June 14, 2017

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, DC 20554

RE: XIT Rural Telephone Cooperative, Inc., SAC 442170
Submission of FCC Form 481 Annual Report
WC Docket No. 14-58 - ETC Annual Reports and Certifications

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, XIT Rural Telephone Cooperative, Inc. ("the Cooperative"), Study Area Code 442170, hereby files its FCC Form 481 – Carrier Annual Reporting Data Collection Form. *The version of the Cooperative's FCC Form 481 submitted via the FCC's Electronic Comment Filing System (ECFS) is a redacted version of the filing that contains no confidential information.*

Section 3005 of FCC Form 481 requires privately-held rate-of-return carriers receiving high cost support to attach a full and complete annual report of the company's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). XIT Rural Telephone Cooperative, Inc., by its authorized representative, hereby seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58.¹ The *Protective Order* specifically covers the information required by 47 C.F.R. §54.313(f)(2).

¹ *Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 10-90 and 14-58, Protective Order, 31 FCC Rcd 2089 (2016).

MOSS-ADAMS_{LLP}

XIT Rural Telephone Cooperative, Inc. is providing to the Office of the Secretary, under seal, this cover letter and the FCC Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

Each page of the Cooperative's financial annual report and the financial data summary page on the FCC Form 481 bear the legend, "CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

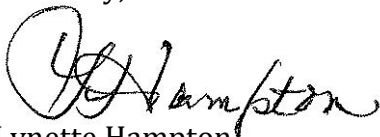
In the filing submitted via the ECFS, all pages containing confidential information bear the legend "REDACTED – FOR PUBLIC INSPECTION."

This cover letter contains no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

The FCC Form 481 has also been filed with the Universal Service Administrative Company and with the relevant state commissions and Tribal governments, as appropriate.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynette Hampton". The signature is fluid and cursive, with the first name being more prominent.

Lynette Hampton
Authorized Representative for
XIT Rural Telephone Cooperative, Inc.

LH/kr

Attachments

cc: Mr. Darrell F. Dennis, XIT Rural Telephone Cooperative, Inc.

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Catherine Taylor
<035>	Contact Telephone Number: Number of the person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	ctaylor@xitcomm.net
	Form Type	54.313 and 54.422

(200) Service Outage Reporting (Voice)
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	442170
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<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<210> For the prior calendar year, were there any reportable voice service outages? No

[illegible]

**(300) Unfulfilled Service Request
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	442170
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<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

0

<330> Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
442170TX510 .pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

(600) Functionality in Emergency Situations		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

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<020>	Program Year	2018
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<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	442170TX610.pdf

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
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<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	

-- See attached worksheet

<010>	Study Area Code	442170
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-- See attached worksheet --

**(800) Operating Companies
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442170
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<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net
<810>	Reporting Carrier	XIT Rural Telephone Cooperative, Inc.
<811>	Holding Company	Not Applicable
<812>	Operating Company	XIT Rural Telephone Cooperative, Inc.

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	442170
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<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
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<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<900> Does the filing entity offer tribal land services? (Y/N) No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1000) Voice and Broadband Service Rate Comparability
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 442170TX1010.pdf

Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance 442170TX1030.pdf

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
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<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
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<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

442170TX1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- | | | |
|--------|---|-------------------------------------|
| <1221> | Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> | Details on the number of minutes provided as part of the plan, | <input checked="" type="checkbox"/> |
| <1223> | Additional charges for toll calls, and rates for each such plan. | <input checked="" type="checkbox"/> |

(2005) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

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Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing
Required Information

Name of Attached Document Listing
Required Information

(2005) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017C> Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing
Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

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Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

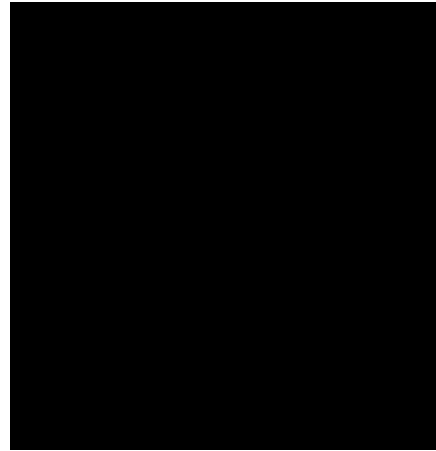
(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		
Yes - Attach Certification			
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}	442170TX3010.pdf	
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:			
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)	<input type="checkbox"/>	
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>	
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input checked="" type="checkbox"/>	
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input checked="" type="checkbox"/>	
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.	<input checked="" type="checkbox"/>	
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input type="checkbox"/>	
(3023)	Underlying information subjected to a review by an independent certified public accountant	<input type="checkbox"/>	
(3024)	Underlying information subjected to an officer certification.	<input type="checkbox"/>	
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>	
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	442170TX3026.pdf

(3005) Rate Of Return Carrier Additional Documentation (Continued)		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

Financial Data Summary

- (3027) Revenue
- (3028) Operating Expenses
- (3029) Net Income
- (3030) Telephone Plant In Service(TPIS)
- (3031) Total Assets
- (3032) Total Debt
- (3033) Total Equity
- (3034) Dividends



<010>	Study Area Code	442170
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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	442170
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TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	442170
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TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Moss Adams LLP</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	Moss Adams LLP
Name of Reporting Carrier:	XIT RURAL TEL CO-OP
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 06/02/2017
Printed name of Authorized Officer:	Darrell Dennis
Title or position of Authorized Officer:	General Manager
Telephone number of Authorized Officer:	8063843311 ext.
Study Area Code of Reporting Carrier:	442170 Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	XIT RURAL TEL CO-OP
Name of Authorized Agent Firm:	Moss Adams LLP
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 05/30/2017
Name of Authorized Agent Employee:	Moss Adams LLP
Title or position of Authorized Agent or Employee of Agent	Consulting Manager
Telephone number of Authorized Agent or Employee of Agent:	5126527725 ext.
Study Area Code of Reporting Carrier:	442170 Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

(700) Price Offerings including Voice Rate Data Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

July 2013

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	

[illegible]

**(710) Broadband Price Offerings
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

<711>	<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
	TX	Dalhart	72.0	0.0	72.0	12.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Stratford	72.0	0.0	72.0	12.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Hartley	72.0	0.0	72.0	12.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Channing	72.0	0.0	72.0	12.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Boys Ranch	72.0	0.0	72.0	12.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Vega	49.95	0.0	49.95	30.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Vega	59.95	0.0	59.95	40.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Vega	89.95	0.0	89.95	50.0	4.0	999999.0	Other, No Limit On Usage Allowance
	TX	Coldwater	49.0	0.0	49.0	30.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Bunkerhill	49.0	0.0	49.0	30.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Texline	49.0	0.0	49.0	30.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Middlewater	49.0	0.0	49.0	30.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Stevens	49.0	0.0	49.0	30.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Kerrick	49.0	0.0	49.0	30.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Lautz	49.0	0.0	49.0	30.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Coldwater	69.0	0.0	69.0	40.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Bunkerhill	69.0	0.0	69.0	40.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Texline	69.0	0.0	69.0	40.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Middlewater	69.0	0.0	69.0	40.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Stevens	69.0	0.0	69.0	40.0	2.0	999999.0	Other, No Limit On Usage Allowance
	TX	Kerrick	69.0	0.0	69.0	40.0	2.0	999999.0	Other, No Limit On Usage Allowance

(710) Broadband Price Offerings Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net

[illegible]

(800) Operating Companies	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	442170
<015>	Study Area Name	XIT RURAL TEL CO-OP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Catherine Taylor
<035>	Contact Telephone Number - Number of person identified in data line <030>	8063843311 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ctaylor@xitcomm.net
<810>	Reporting Carrier	XIT Rural Telephone Cooperative, Inc.
<811>	Holding Company	Not Applicable
<812>	Operating Company	XIT Rural Telephone Cooperative, Inc.

[illegible]

LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

XIT Rural Telephone Cooperative, Inc. (“the Cooperative”) complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Cooperative operates are outlined in its member services tariff, which is approved by the Public Utility Commission of Texas (“Texas PUC”). The tariff contains provisions regarding the Cooperative’s customer service and protection practices.

Service quality standards for voice service are established by the Texas PUC. The Cooperative consistently meets or exceeds those standards and provides reports to the Texas PUC, in accordance with the Texas PUC’s rules.

With regard to broadband service, the Cooperative provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a “best effort” service and are dependent upon a number of variables, many of which are outside the control of the Cooperative. The Cooperative also complies with the FCC’s Open Internet rules, 47 C.F.R. §§8.3-8.11. These rules prohibit blocking, throttling, and paid prioritization, and also require the Cooperative to publicly disclose information regarding its network management practices, performance, and the commercial terms of its broadband services.

The Cooperative complies with any and all consumer protection obligations under state law.

The Cooperative also complies with the following consumer best practices: (1) the Cooperative discloses its rates and terms of service to customers; (2) the Cooperative provides specific disclosures in its advertising; (3) the Cooperative separately identifies carrier charges from taxes on its billing statements; (4) the Cooperative provides ready access to customer service; (5) the Cooperative promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Cooperative abides by policies for protection of consumer privacy.

Finally, the Cooperative has a policy and established operating procedures that comply with the FCC’s Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011).

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

XIT Rural Telephone Cooperative, Inc. (“the Cooperative”) is able to function in emergency situations for both voice and broadband service. The Cooperative has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Cooperative is able to reroute traffic around damaged facilities. Although the Cooperative’s ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

LINE 1010 – VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's 2017 reasonable comparability benchmark for voice services is \$49.51, which includes the federal subscriber line charge ("SLC").¹

In the exchanges served by XIT Rural Telephone Cooperative, Inc. ("the Cooperative"), the highest single-line residential local rate as of January 1, 2017 was \$18.00. When the federal SLC (\$6.50) is included, the rate was \$24.50. Therefore, the Cooperative's pricing of fixed voice services is less than the reasonable comparability benchmark of \$49.51.

¹ *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, Public Notice, WC Docket No. 10-90, 32 FCC Rcd 1358 (2017).

LINE 1030 – BROADBAND SERVICES RATE COMPARABILITY

As of January 1, 2017, XIT Rural Telephone Cooperative, Inc. was charging a residential rate of \$49.00 for broadband providing 30 Mbps download/2 Mbps upload, and an unlimited usage allowance. This rate is lower than \$92.74, which is the 2017 reasonable comparability benchmark for the same offering established by the Wireline Competition Bureau.¹

¹ Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations, Public Notice, WC Docket No. 10-90, 32 FCC Rcd (2017). See also, <https://www.fcc.gov/general/reasonable-comparability-benchmark-calculator>.

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

XIT Rural Telephone Cooperative, Inc. (“the Cooperative”) offers customers who qualify for the Lifeline Program a federal discount of \$9.25, a state discount of \$3.50, and an area discount of \$0.40 on local voice telephony service in all of its exchanges except the Texline exchange. The Lifeline area discount for the Texline exchange is \$0.53.

In all exchanges served by the Cooperative except the Texline exchange, the Lifeline rate for single-line residential voice service, including any mandatory extended area service (“EAS”) charge and the federal subscriber line charge (“SLC”), is \$11.35 (\$24.50 less the \$13.15 combined federal, state and local area Lifeline discounts).

In the Texline exchange, the Lifeline rate for single-line residential voice service, including any mandatory EAS charge and the federal SLC, is \$11.22 (\$24.50 less the \$13.28 combined federal, state and local area Lifeline discounts).

Single-line residential voice service for all customers, including Lifeline customers, includes an unlimited number of minutes for calls made within the local calling area.

Additional charges for toll calls are billed at the rates of the long distance carrier chosen by the subscriber. Lifeline customers have the option to subscribe to toll blocking at no charge. The Cooperative will not disconnect the local service of a Lifeline customer for non-payment of toll charges. However, the Cooperative reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills.

Lifeline customers may subscribe to custom calling features at the standard rates offered to all subscribers. Lifeline customers may also subscribe to any bundled service package that includes residential voice service offered by the Cooperative and will receive the applicable discount for the voice service portion of the bundle.

LINE 3010 – CERTIFICATION OF PUBLIC INTEREST OBLIGATIONS

XIT Rural Telephone Cooperative, Inc. (“the Cooperative”) hereby certifies that it has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, and that requests for such service were met within a reasonable amount of time.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
Years ended March 31, 2016 and 2015**

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
XIT Rural Telephone Cooperative, Inc. and Subsidiaries
Dalhart, Texas

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of XIT Rural Telephone Cooperative, Inc. (a Texas corporation) and subsidiaries as of March 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment; including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of XIT Rural Telephone Cooperative, Inc. and subsidiaries as of March 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Colorado Springs, Colorado
July 20, 2016

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATED BALANCE SHEETS
March 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents		
Special construction account		
Temporary investments		
Accounts receivable:		
Due from customers		
Less allowance		
Interexchange carriers		
Less allowance		
Other		
Prepaid income taxes		
Grant funds receivable		
Interest receivable		
Materials and supplies, at average cost		
Inventory, at average cost		
Prepayments		
Other current assets		
OTHER NONCURRENT ASSETS		
Marketable equity securities		
Partnership investments		
Investment in lenders		
Cash value of life insurance		
Other investments		
Deferred charges		
Intangibles, net of amortization		
PROPERTY, PLANT AND EQUIPMENT		
Telephone plant in service		
Video plant in service		
Less accumulated depreciation		
Plant under construction		
TOTAL ASSETS		

The accompanying notes are an integral part of these consolidated financial statements.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATED BALANCE SHEETS
March 31, 2016 and 2015**

	2016	2015
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
CURRENT LIABILITIES		
Current portion of deferred grant revenue		
Accounts payable:		
Interexchange carriers		
Other		
Customer deposits		
Accrued income taxes		
Other accrued taxes		
Other accrued liabilities		
OTHER NONCURRENT LIABILITIES AND DEFERRED CREDITS		
Deferred income taxes		
Deferred grant revenue, less current portion		
Other deferred credits		
MEMBERS' EQUITY		
Memberships		
Patronage capital assignable		
Patronage capital assigned		
Unallocated deficit		
Undistributed earnings of subsidiaries		
Accumulated other comprehensive income		
TOTAL LIABILITIES AND MEMBERS' EQUITY		

The accompanying notes are an integral part of these consolidated financial statements.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended March 31, 2016 and 2015**

	2016	2015
OPERATING REVENUES		
Local network services		
Network access services		
Long distance services		
Internet services		
Video services		
Nonregulated services		
Grant revenue		
Lease revenue		
Miscellaneous revenue		
OPERATING EXPENSES		
Cost of long distance services		
Cost of internet services		
Cost of video services		
Cost of nonregulated services		
Plant specific operations		
Plant nonspecific operations		
Depreciation and amortization		
Customer operations		
Corporate operations		
General taxes		
OPERATING MARGINS		
OTHER INCOME (EXPENSE)		
Interest and dividend income		
Gain on sale of investments		
Gain on sale of FCC spectrum		
Gain on disposition of property		
Income from partnerships		
Interest expense		
Other, net		
MARGINS BEFORE INCOME TAXES AND NONCONTROLLING INTEREST IN NET LOSS OF SUBSIDIARY		
INCOME TAXES		
MARGINS BEFORE NONCONTROLLING INTEREST IN NET LOSS OF SUBSIDIARY		
MINORITY INTEREST IN NET LOSS		
NET MARGINS		

The accompanying notes are an integral part of these consolidated financial statements.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

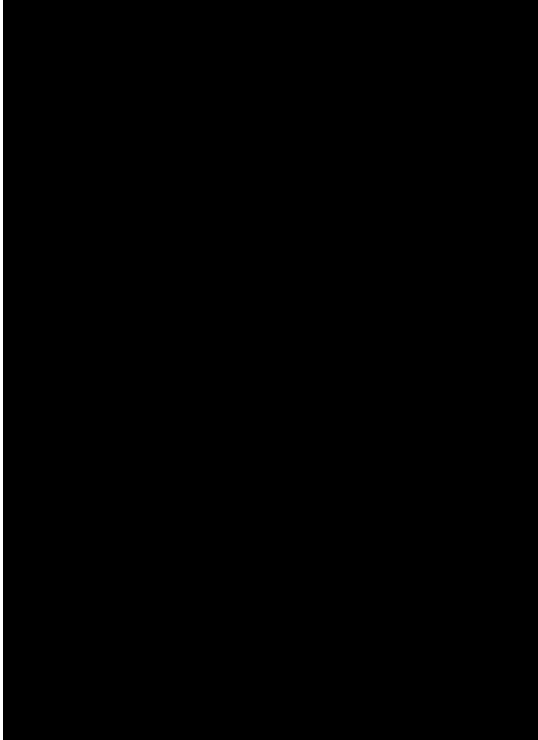
**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
Years ended March 31, 2016 and 2015**

	2016	2015
NET MARGINS		
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities:		
Unrealized holding gains (losses) arising during period, net of tax of [REDACTED]		
Reclassification adjustment for losses included in net income, net of tax of [REDACTED]		
Other comprehensive income (loss)		
LESS: COMPREHENSIVE LOSS ATTRIBUTABLE TO THE NONCONTROLLING INTEREST		
COMPREHENSIVE INCOME		

The accompanying notes are an integral part of these consolidated financial statements.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
Years ended March 31, 2016 and 2015**

	<u>Memberships</u>	<u>Patronage Capital Assignable</u>	<u>Patronage Capital Assigned</u>
Balance at March 31, 2014			
Net margins			
Unrealized gains on securities net of income taxes			
Patronage capital retired			
2013 capital credits assigned			
Distribution to noncontrolling interest			
Change in memberships			
Balance at March 31, 2015			
Net margins			
Unrealized losses on securities net of income taxes			
Patronage capital retired			
2014 capital credits assigned			
Change in memberships			
Balance at March 31, 2016			

The accompanying notes are an integral part of these consolidated financial statements.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
Years ended March 31, 2016 and 2015**

Unallocated Deficit	Undistributed Earnings of Subsidiaries	Accumulated Other Comprehensive Income	Noncontrolling Interest in Subsidiary	Total Members' Equity
				

The accompanying notes are an integral part of these consolidated financial statements.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2016 and 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margins		
Adjustments to reconcile net margins		
to net cash provided by operating activities:		
Depreciation and amortization		
Deferred income taxes		
Patronage in business conducted with cooperatives		
Patronage distributions received from business conducted with cooperatives		
Gain on sale of investments		
Gain on sale of FCC spectrum		
Gain on disposition of property		
Equity income from partnerships		
Distributions received from partnerships		
Noncontrolling interest in net income of subsidiary		
(Increase)/decrease in cash surrender value of life insurance		
Proceeds from life insurance		
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		
Inventory		
Prepayments and other		
Increase (Decrease) in:		
Accounts payable		
Accrued taxes		
Other accrued liabilities		
Deferred grant revenue		
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures		
Purchase of investments		
Proceeds from sale of investments		
Salvage, net of cost of removing plant		
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in special construction account		
Purchase of life insurance		
Patronage capital retired		
Grant funds received		
Distribution to noncontrolling interest		
Change in memberships		
Net cash used in financing activities		
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Year		
Cash and Cash Equivalents at End of Year		

The accompanying notes are an integral part of these consolidated financial statements.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
Years ended March 31, 2016 and 2015**

	2016	2015
SUPPLEMENTAL DISCLOSURES		
Noncash investing and financing transactions:		
Acquisitions of property and equipment		
Change in accounts payable		

The accompanying notes are an integral part of these consolidated financial statements.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

XIT Rural Telephone Cooperative, Inc. and subsidiaries (herein referred to as "the Company") are providers of telecommunications exchange, local access, internet and related services, video, communications equipment sales, and long distance services in a service area located primarily in the panhandle of Texas.

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America. Management uses estimates and assumptions in preparing its consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management has evaluated subsequent events through July 20, 2016, the date the consolidated financial statements were available for issue. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the telephone company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission (FCC) as modified by the Public Utility Commission of Texas (PUC).

Principles of Consolidation

The consolidated financial statements include the accounts of the parent company, XIT Rural Telephone Cooperative, Inc., and its 100% owned subsidiaries, XIT Telecommunication and Technology, Ltd. and XT&T Holdings, LLC.

All material intercompany transactions have been eliminated in consolidation.

Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash equivalents.

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected.

Investments

Marketable securities bought and held principally for selling in the near future are classified as trading securities and carried at fair value. Unrealized holding gains and losses on trading securities are reported in earnings. Marketable securities classified as available-for-sale are carried at fair value with unrealized holding gains and losses recorded as a separate component of members' equity. Debt securities for which the Company has both the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost. The Company uses the FIFO method of computing realized gains and losses.

Nonmarketable equity investments over which the Company has significant influence are reflected on the equity method. Other nonmarketable equity investments are stated at cost.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangibles

Intangible assets deemed to have indefinite lives are stated at the lower of cost or fair value. These assets are subject to periodic impairment tests. Intangible assets with definite lives are amortized.

Property, Plant and Equipment

Property, plant and equipment is capitalized at original cost including the capitalized cost of salaries and wages, materials, certain payroll taxes, and employee benefits.

Acquisitions of property, plant and equipment in excess of \$2,000 are capitalized to plant in service. Acquisitions of lesser amounts are charged to plant specific operations expense.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates based on the estimated service lives of the various classes of depreciable property as approved by the PUC and the Board of Directors.

Renewals and betterments of units of telephone property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable telephone property. Repairs and renewals of minor items of telephone property are included in plant specific operations expense.

Repairs of video and other equipment included in telephone plant in service, as well as renewals of minor items, are charged to plant specific operations expense. A gain or loss is recognized when other property is sold or retired.

Asset Retirement Obligations

Generally accepted accounting principles require entities to record the fair value of a liability for legal obligations associated with an asset retirement in the period in which the obligations are incurred.

When the liability is initially recorded, the entity capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset.

The Company has determined it does not have a material legal obligation to remove long-lived assets, and accordingly, there have been no liabilities recorded for the years ended March 31, 2016 and 2015.

Software

The Company capitalizes software costs (including right-to-use fees) associated with externally acquired software for internal use. Software maintenance and training costs are expensed as incurred. Capitalized software is generally amortized on a straight-line basis over its useful life, not to exceed five years.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Assets

The Company would provide for impairment losses on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Based on current conditions, management does not believe any of its long-lived assets are impaired.

Income Taxes

The Company is organized and operated on a nonprofit basis. However, as more fully explained in Note 6, the Company has provided for income taxes on certain portions of its operations.

Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the consolidated financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes related to nonpatronage sourced activities reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes arise from the effects of market value adjustments for marketable securities and earnings from partnership investments. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible, when the assets and liabilities are recovered or settled. Temporary differences related to patronage sourced activities are not expected to offset tax liabilities when the differences are recovered or settled.

Deferred Grant Revenue

Deferred grant revenue is amortized over the life of the plant investment acquired with the grant funds, beginning on the date the corresponding asset was placed in service.

Revenue Recognition

The Company recognizes revenues when earned regardless of the period in which they are billed. The Company is required to provide telephone service to subscribers within its defined service territory.

Local network service, video and internet revenues are recognized over the period a subscriber is connected to the network.

Network access and long distance service revenues are derived from charges for access to the Company's local exchange network. The interstate portion of access revenues is based on a cost separation procedure settlement formula administered by the National Exchange Carrier Association (NECA) which is regulated by the FCC. The intrastate portion of access revenues are billed based on an individual company tariff access charge structure approved by PUC. The tariffs developed from this structure are used to charge the connecting carrier and recognize revenues in the period the traffic is transported based on the minutes of traffic carried. Long distance revenues are recognized at the time a call is placed based on the minutes of traffic processed at contracted rates.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Reported network access revenues are estimates subject to settlement adjustments in the near term resulting from changes in expense and plant investment levels and rate of return experience.

Both the revenues and expenses related to directory publishing activities are recognized in the period when the directory is published.

The Company recognizes taxes charged to customers on a net basis in the consolidated statements of operations.

Patronage Capital

Revenues in excess of costs and expenses are assigned to patrons on a patronage basis in accordance with the Company's bylaws and are represented by patronage capital.

Fair Value Measurements

The Company determines the fair value of its financial assets and liabilities based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Reclassifications

Certain reclassifications have been made to the 2015 consolidated financial statements to conform with the 2016 presentation.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 2. SECURITIES INVESTMENTS

The amortized cost and fair value of available-for-sale securities are:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>March 31, 2016:</u>				
Available-for-sale equity securities:				
Basic Materials Industry				
Conglomerates Industry				
Consumer Goods Industry				
Financial Services Industry				
Healthcare Industry				
Industrial Goods Industry				
Services Industry				
Technology Industry				
Utilities Industry				
U.S. Stock - Mutual Funds				
International Stock - Mutual Funds				
Municipal Bond - Debt				
Exchange Traded Funds				
REIT				
Futures				
Hedge Funds				
Total				
Amounts classified as:				
Temporary investments				
Marketable equity securities				
Total				

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 2. SECURITIES INVESTMENTS (Continued)

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>March 31, 2015:</u>				
Available-for-sale equity securities:				
Basic Materials Industry				
Conglomerates Industry				
Consumer Goods Industry				
Financial Services Industry				
Healthcare Industry				
Industrial Goods Industry				
Services Industry				
Technology Industry				
Utilities Industry				
U.S. Stock - Mutual Funds				
International Stock - Mutual Funds				
Alternative - Mutual Funds				
Municipal Bond - Mutual Funds				
Exchange Traded Funds				
Preferred Securities				
Futures				
Hedge Funds				
Total				
Amounts classified as:				
Marketable equity securities				

Investments measured at fair value are valued at Level 1 in the fair value hierarchy.

The amortized cost and fair value of debt securities at March 31, 2016, by contractual maturity are shown below. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016 and 2015**NOTE 2. SECURITIES INVESTMENTS (Continued)**

	Amortized Cost	Fair Value
Available-for-Sale:		
Due in one year or less		
Due after one year through three years		
Due after three years		

NOTE 3. COST AND EQUITY METHOD INVESTMENTS

The following is a summary of condensed financial information pertaining to the investment described above:

	Years Ended December 31,	
	2015	2014
Assets		
Liabilities		
Equity		
Revenues		
Expenses		
Net Income		

[illegible]

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 3. COST AND EQUITY METHOD INVESTMENTS (Continued)

Because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs, management has determined it is not practical to estimate the fair value of these investments. However, management believes that the carrying amount of these investments at March 31, 2016, included in other investments is not impaired.

NOTE 4. INTANGIBLES

Intangible assets at March 31 consist of the following:

	2016		2015	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
<u>Amortized Intangibles</u>				
Organization costs				
<u>Unamortized Intangibles</u>				
FCC spectrum licenses				

There was no amortization expense for the years ended March 31, 2016 and 2015, respectively.

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following:

	2016	2015
Telephone plant in service:		
Land		
Buildings		
Furniture and office equipment		
Vehicles and work equipment		
Switching equipment		
Outside plant		
Other plant and equipment		
Leasehold improvements		
Subtotal		
Video plant in service:		
Head end equipment		
Total property, plant and equipment		

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 6. INCOME TAXES

Income taxes reflected in the Consolidated Statements of Operations consist of the following:

	<u>2016</u>	<u>2015</u>
Federal income taxes:		
Current tax expense		
Deferred tax expense		
Total income tax expense		

Deferred federal and state tax liabilities and assets reflected in the Consolidated Balance Sheets are summarized as follows:

	<u>2016</u>	<u>2015</u>
Deferred Tax Liabilities		
Federal		
Total Deferred Tax Liabilities		
Current Portion		
Long-term Portion		
Net Deferred Tax Liabilities		

The tax provision differs from the expense that would result from applying the federal statutory rates to operations before income taxes because of the effects of prior year income tax accrual adjustments, unconsolidated equity method partnership income, dividends received deduction and tax exempt municipal bond interest income and because the Company is permitted to exclude from taxable income margins generated from patronage sourced activities, if those margins are appropriately allocated to patrons as capital credits. This excluded income varies from year to year, resulting in fluctuations in the effective tax rate and income tax expense.

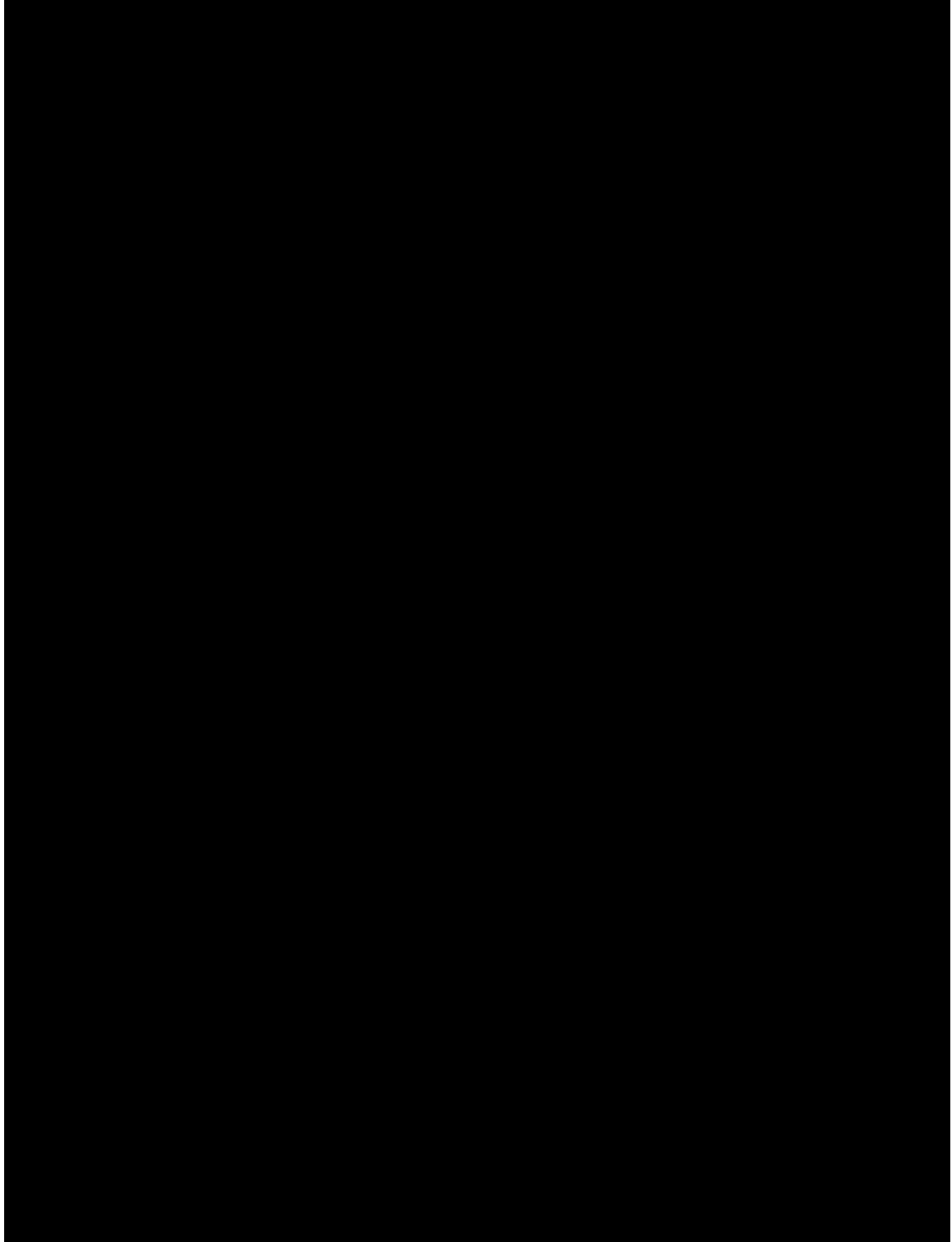
The Company has evaluated its income tax positions and has determined that there are no uncertain income tax positions that need to be recorded or reported in the financial statements at March 31, 2016.

The Company's federal income tax returns for years 2012 to present remain subject to examination.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

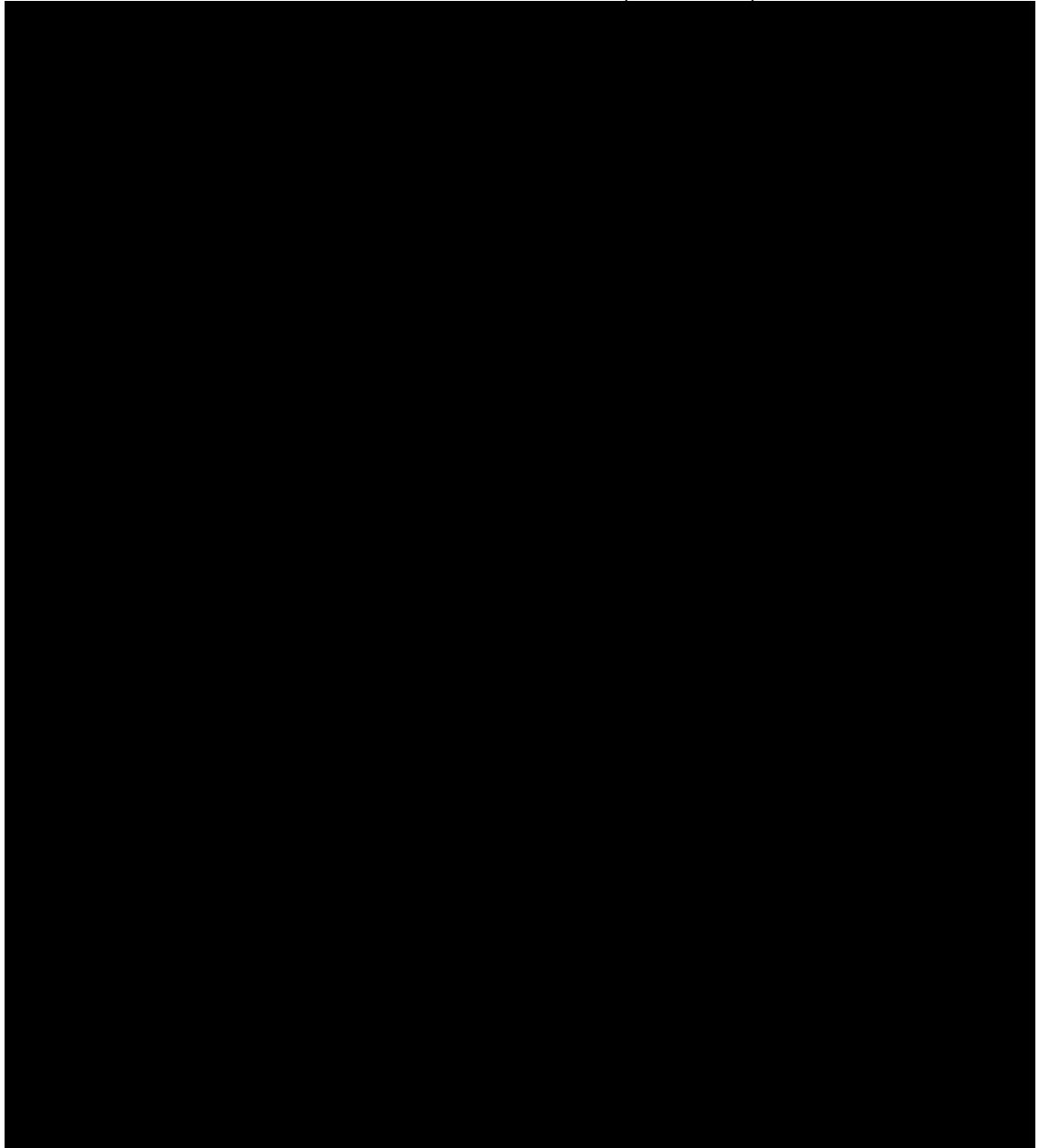
NOTE 7. BROADBAND INITIATIVES PROGRAM GRANT



**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 7. BROADBAND INITIATIVES PROGRAM GRANT (Continued)



**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 8. MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN

The Company contributes to the "Retirement and Security Program (R&S) for Employees of the National Telecommunications Cooperative Association (NTCA) and Its Member Systems". The multiemployer program is a defined benefit pension plan covering most employees. The risk of participating in this multiemployer plan is different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Company chooses to stop participating in the multiemployer plan, they may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in this plan for the annual period ended March 31, 2016, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2016 and 2015 is for the plan's year-end at December 31, 2013, and December 31, 2012, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or rehabilitation plan (RP) is either pending or has been implemented.

The Program does not have a certified zone status as currently defined by the PPA because the Program is considered a multiple employer plan pursuant to the Internal Revenue Code and ERISA.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status	FIP/RP Status Pending/ Implemented	Contributions		Surcharge Imposed
				3/31/2016	3/31/2015	

At the date the consolidated financial statements were issued, Forms 5500 were not available for the plan years ending in 2016.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 9. CONCENTRATIONS OF CREDIT RISK

The Company grants credit to customers, all of whom are located in the franchised service area, and telecommunications intrastate and interstate long distance carriers.

The Company received [REDACTED] of its 2016 revenues from access revenues and assistance provided by the Federal Universal Service Fund. As a result of the Telecommunications Act of 1996, the manner in which access revenues and Universal Service Funds are determined is currently being modified by regulatory bodies.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and temporary investments. The Company places its temporary investments in several financial institutions which limits the amount of credit exposure in any one financial institution.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 10. REGULATORY ACCOUNTING

For its telephone operations, the Company follows generally accepted accounting principles for regulated enterprises. Accordingly, the Company defers certain cost and obligations and depreciates plant and equipment over lives approved by regulators. While the Company continues to believe the current regulatory and competitive environment supports this accounting treatment, should conditions change the Company would be required to write-off these deferred cost and obligations and evaluate the net carrying value of its plant and equipment for any impairment losses absent the future recovery currently permitted by the regulators.

NOTE 11. REGULATORY MATTERS

The Company received revenues from access revenues and assistance provided by the Federal Universal Service Fund. As a result of the National Broadband Plan the manner in which access revenues and Universal Service Funds are determined has been modified by the Federal Communications Commission (FCC) in an order effective December 29, 2011. Among other things, this order provides for (1) a requirement to provide broadband services; (2) the establishment of a Connect America Fund (CAF) to replace current USF and high cost support mechanisms with a cap on the total fund; (3) modifications to the current rate of return support model including caps on the recovery of certain expenditures; (4) a reduction in the terminating access charges billed by the Company over a nine year period with eventual transition to a bill-and-keep framework for the exchange of traffic between carriers; (5) a new access recovery charge on monthly customer bills; and (6) a national framework for reporting and oversight.

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

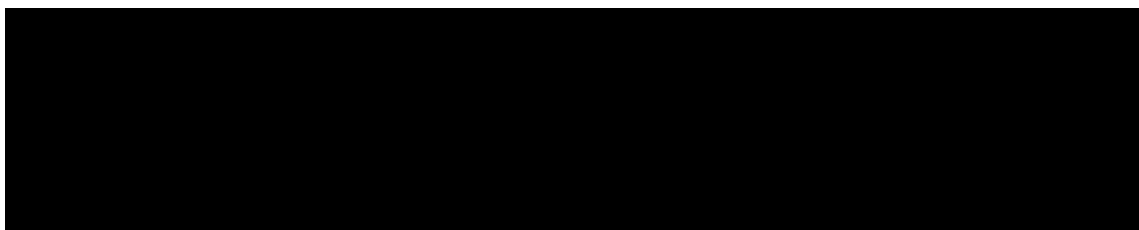
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015**

NOTE 11. REGULATORY MATTERS (Continued)

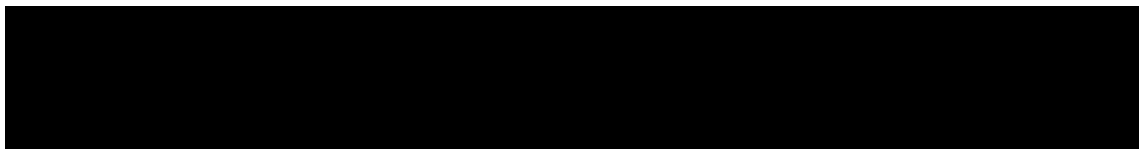
The order calls for further guidelines to be adopted on implementation and other topics. Portions of this order applicable to the Company are being challenged. Accordingly, neither the outcome of these proceedings nor their potential impact on the Company can be predicted at this time.

On March 30, 2016, the FCC released a Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking to reform USF. The FCC will give rural local exchange carriers a period of time after the date of the publication of the Order to determine whether to opt-in to a new Alternative Connect America Model or to go with a revised version of rate-of-return. The effective date has not been established nor has the overall impact on network access service revenues been determined

NOTE 12. INVESTMENT PURCHASE COMMITMENTS



NOTE 13. SUBSEQUENT EVENT



SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
XIT Rural Telephone Cooperative, Inc. and Subsidiaries
Dalhart, Texas

We have audited the consolidated financial statements of XIT Rural Telephone Cooperative, Inc. and subsidiaries as of and for the years ended March 31, 2016 and 2015, and our report thereon dated July 20, 2016, which expressed an unmodified opinion on those consolidated financial statements appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Kinley Austin LLP".

Colorado Springs, Colorado
July 20, 2016

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATING BALANCE SHEET
March 31, 2016**

ASSETS

	<u>XIT Rural Telephone Cooperative, Inc.</u>	<u>XIT Telecommunication & Technology, Ltd.</u>	<u>XT&T Holdings, LLC</u>	<u>Intercompany Eliminations</u>	<u>Consolidated</u>
CURRENT ASSETS					
Cash and cash equivalents					
Temporary investments					
Accounts receivable:					
Due from customers					
Less allowance of					
Interexchange carriers					
Less allowance of					
Affiliates					
Other					
Prepaid income taxes					
Interest receivable					
Materials and supplies, at average cost					
Inventory, at average cost					
Prepayments					
Other current assets					
OTHER NONCURRENT ASSETS					
Investment in affiliates					
Marketable equity securities					
Partnership investments					
Investment in lenders					
Cash value of life insurance					
Other investments					
Deferred charges					
Intangibles, net of amortization					
PROPERTY, PLANT AND EQUIPMENT					
Telephone plant in service					
Video plant in service					
Less accumulated depreciation					
Plant under construction					
TOTAL ASSETS					

See Independent Auditor's Report on Supplementary Information

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATING BALANCE SHEET
March 31, 2016**

LIABILITIES AND MEMBERS' EQUITY

	<u>XIT Rural Telephone Cooperative, Inc.</u>	<u>XIT Telecommunication & Technology, Ltd.</u>	<u>XT&T Holdings, LLC</u>	<u>Intercompany Eliminations</u>	<u>Consolidated</u>
CURRENT LIABILITIES					
Current portion of deferred grant revenue					
Accounts payable:					
Interexchange carriers					
Affiliates					
Other					
Customer deposits					
Other accrued taxes					
Other accrued liabilities					
OTHER NONCURRENT LIABILITIES AND DEFERRED CREDITS					
Deferred income taxes					
Deferred grant revenue, less current portion					
Other deferred credits					
MEMBERS' EQUITY					
Memberships					
Patronage capital assignable					
Patronage capital assigned					
Unallocated deficit					
Undistributed earnings of subsidiaries					
Accumulated Other Comprehensive Income					
Partners' capital					
TOTAL LIABILITIES AND MEMBERS' EQUITY					

See Independent Auditor's Report on Supplementary Information

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATING STATEMENT OF OPERATIONS
Year ended March 31, 2016**

	XIT Rural Telephone Cooperative, Inc.	XIT Telecommunication & Technology, Ltd.	XT&T Holdings, LLC	Intercompany Eliminations	Consolidated
OPERATING REVENUES					
Local network services					
Network access services					
Long distance services					
Internet services					
Video services					
Nonregulated services					
Grant revenue					
Lease revenue					
Miscellaneous revenue					
OPERATING EXPENSES					
Cost of long distance services					
Cost of internet services					
Cost of video services					
Cost of nonregulated services					
Plant specific operations					
Plant nonspecific operations					
Depreciation and amortization					
Customer operations					
Corporate operations					
General taxes					
OPERATING MARGINS (LOSS)					
OTHER INCOME (EXPENSE)					
Interest and dividend income					
Gain on sale of investments					
Gain on sale of FCC spectrum					
Gain on disposition of property					
Income from partnerships					
Interest expense					
Other, net					
MARGINS (LOSS) BEFORE INCOME TAXES AND EQUITY EARNINGS (LOSS) OF SUBSIDIARIES					
INCOME TAXES					
MARGINS (LOSS) BEFORE EQUITY EARNINGS (LOSS) OF SUBSIDIARIES					
EQUITY EARNINGS (LOSS) OF SUBSIDIARIES					
NET MARGINS (LOSS)					

See Independent Auditor's Report on Supplementary Information

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATING BALANCE SHEET
March 31, 2015**

ASSETS

	<u>XIT Rural Telephone Cooperative, Inc.</u>	<u>XIT Telecommunication & Technology, Ltd.</u>	<u>XT&T Holdings, LLC</u>	<u>Intercompany Eliminations</u>	<u>Consolidated</u>
CURRENT ASSETS					
Cash and cash equivalents					
Special construction account					
Temporary investments					
Accounts receivable:					
Due from customers					
Less allowance of					
Interexchange carriers					
Affiliates					
Other					
Grant funds receivable					
Current portion of notes receivable					
Interest receivable					
Materials and supplies, at average cost					
Inventory, at average cost					
Prepayments					
Other current assets					
OTHER NONCURRENT ASSETS					
Investment in affiliates					
Marketable equity securities					
Partnership investments					
Investment in lenders					
Cash value of life insurance					
Other investments					
Notes receivable, less current portion					
Deferred charges					
Intangibles, net of amortization					
PROPERTY, PLANT AND EQUIPMENT					
Telephone plant in service					
Video plant in service					
Less accumulated depreciation					
Plant under construction					
TOTAL ASSETS					

See Independent Auditor's Report on Supplementary Information

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATING BALANCE SHEET
March 31, 2015**

LIABILITIES AND MEMBERS' EQUITY

	<u>XIT Rural Telephone Cooperative, Inc.</u>	<u>XIT Telecommunication & Technology, Ltd.</u>	<u>XT&T Holdings, LLC</u>	<u>Intercompany Eliminations</u>	<u>Consolidated</u>
CURRENT LIABILITIES					
Current portion of notes payable					
Current portion of deferred grant revenue					
Accounts payable:					
Interexchange carriers					
Affiliates					
Other					
Customer deposits					
Accrued income taxes					
Other accrued taxes					
Other accrued liabilities					
OTHER NONCURRENT LIABILITIES AND DEFERRED CREDITS					
Deferred income taxes					
Notes payable, less current portion					
Deferred grant revenue, less current portion					
Other deferred credits					
MEMBERS' EQUITY					
Memberships					
Patronage capital assignable					
Patronage capital assigned					
Undistributed earnings of subsidiaries					
Accumulated Other Comprehensive Income					
Partners' capital					
TOTAL LIABILITIES AND MEMBERS' EQUITY					

See Independent Auditor's Report on Supplementary Information

**XIT RURAL TELEPHONE COOPERATIVE, INC.
DALHART, TEXAS**

**CONSOLIDATING STATEMENT OF OPERATIONS
Year Ended March 31, 2015**

	<u>XIT Rural Telephone Cooperative, Inc.</u>	<u>XIT Telecommunication & Technology, Ltd.</u>	<u>XT&T Holdings, LLC</u>	<u>Intercompany Eliminations</u>	<u>Consolidated</u>
OPERATING REVENUES					
Local network services					
Network access services					
Long distance services					
Internet services					
Video services					
Nonregulated services					
Grant revenue					
Lease revenue					
Miscellaneous revenue					
OPERATING EXPENSES					
Cost of long distance services					
Cost of internet services					
Cost of video services					
Cost of nonregulated services					
Plant specific operations					
Plant nonspecific operations					
Depreciation and amortization					
Customer operations					
Corporate operations					
General taxes					
OPERATING MARGINS (LOSS)					
OTHER INCOME (EXPENSE)					
Interest and dividend income					
Gain on sale of investments					
Income from partnerships					
Interest expense					
Other, net					
MARGINS (LOSS) BEFORE INCOME TAXES, NONCONTROLLING INTEREST IN NET LOSS OF SUBSIDIARY AND EQUITY EARNINGS (LOSS) OF SUBSIDIARIES					
INCOME TAXES					
MARGINS (LOSS) BEFORE NONCONTROLLING INTEREST IN NET LOSS OF SUBSIDIARY AND EQUITY EARNINGS (LOSS) OF SUBSIDIARIES					
NONCONTROLLING INTEREST IN NET LOSS OF SUBSIDIARY					
EQUITY EARNINGS (LOSS) OF SUBSIDIARIES					
NET MARGINS (LOSS)					

See Independent Auditor's Report on Supplementary Information